

# Trade Invest Monthly

## Hawaii's International Business Network

### HAWAII NOTICES

#### Governor's Exporter of the Year Recognized

Governor Benjamin J. Cayetano recognized *Kamakura Corporation, Inc.* as the 2002 Governor's Exporter of the Year.

*Kamakura Corporation, Inc.* was among six companies and organizations honored at an awards ceremony at Washington Place for outstanding achievements in exporting Hawaii's products and services. This Hawaii-based firm is an international leader in risk assessment and management software. Success in exporting combined with a solid commitment for expansion and growth in Hawaii contributed to its selection as the overall winner.

Winner of Categories:

Exporter Of High Technology

*Kamakura Corporation*

Mr. Donald R. van Deventer, President



*Kamakura Corporation - Exporter of the Year*  
Left to Right: Governor Ben Cayetano, Mr. Kenji Imai, Managing Director, Mr. Mark Messler, Senior Vice President, and Seiji Naya, Director, DBEDT

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#### PTC Conference in January 2003

##### *Top Telecom Legal Advisors to Discuss Future of Asian Markets*

Leading legal advisors on international communications matters will gather in Honolulu for a workshop on the growth, rebuilding and restructuring of Asia's telecommunications markets. The workshop is one of many events planned for the 25th annual Pacific Telecommunications Conference set for January 19-23, 2003, at the Hilton Hawaiian Village, in Honolulu.

The conference, PTC2003, will focus on the theme "Global Broadband/Global Challenges." It will bring together a dynamic mix of CEOs, CTOs and CFOs, as well as venture capitalists, senior industry observers and high-level government officials.

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#### Hawaii International Air Cargo Symposium - Holomua: Moving Forward

The 2002 Hawaii International Air Cargo Symposium will take place on November 6, 2002, at the Hyatt Regency Waikiki Hotel, Honolulu. Participants can listen, learn and interact with recognized air cargo experts.

Panel discussions will cover the following topics:

- Get key insights on the global presence of the air cargo industry
- Current Hawaii and world economic forecast
- Direction of the air cargo industry
- How NAFTA-2 affects Hawaii
- Hear from potential air carriers on their position of flying to Hawaii
- Hawaii's products as viewed by the buyers
- How can good logistics management maximize your business
- New air cargo security issues

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## Worldwide Market Reports

The report service offered is reserved for Hawaii companies only. To request reports, send the request form by Fax: (808) 587-3388 or email: [tradeinvest@dbedt.hawaii.gov](mailto:tradeinvest@dbedt.hawaii.gov). If you are outside of Hawaii and are interested in the reports highlighted in our newsletters, please go to the United States Department of Commerce website, [www.stat-usa.com](http://www.stat-usa.com). Also, some of these market reports are available at [www.usatrade.gov](http://www.usatrade.gov)

### Taiwan – Snack Food

Source: U.S. & Foreign Commercial Service – The American Institute in Taiwan. Along with the rapid increase in the number of convenience stores, hypermarkets, warehouse stores, and shopping malls, the market for snack foods in Taiwan has been expanding in recent years.

Growing at a rate of 10-15% in the past two years, the market for snack foods in Taiwan was US\$174 million in 2001, and is expected to reach US\$188 million and US\$221 million in 2002 and 2003 (based on exchange rate of NT\$33: US\$1).

The youth are the primary consumers of snack foods, favoring chewing gum, chips, chocolate, candy, and cookies. Small and pocket-sized packages of such items are extremely popular in the market.

In 2001, candies dominated the snack foods market with a 52% market share, followed by cookies (22%), processed fruits & nuts (17%), and chips (9%).

Taiwan's entry into the WTO has allowed greater access to the market. With many food import barriers to be eliminated and specific tariffs to be gradually reduced, the market for imported snack foods in Taiwan will be increasing over the next two to three years. U.S. products, especially chips, raisins, processed almonds, and chewing gum, are expected to continue to dominate the market.

### Korea – Services Franchising Market

Source: U.S. & Foreign Commercial Service. Korea's franchising industry first emerged with restaurant franchises, and then expanded to include services and retail franchises.

Since then, the industry has grown with the acceptance of foreign concepts and goods, Korea's continued economic growth, and its gradual implementation of the five-day work week.

By the end of 2001, the franchise industry was valued at US\$40 billion, with 30% of its value stemming from services franchises such as education, real estate, and beauty salons.

Korean franchisees are seeking U.S. franchisers that can offer their established brand names to Korean consumers as well as American management skills provided by U.S. headquarters.

According to the report, emerging market opportunities are in the following areas:

Leisure & sports – as Korea gradually implements its five-day work week, the number of people participating in leisure and sports activities during the weekend is growing by about 20% annually. Growing along with this trend is the de-

(Continued on page 4)

### Desalination Project in Cyprus

Source: U.S. & Foreign Commercial Service. The Water Development Department (WDD) is preparing an international tender for a desalination project in the city of Limassol.

A land-planning report was prepared and forwarded to the communities of Akrotiri and Episkopi. Since the WDD already acquired the consent from the two communities, it is now preparing to procure the tender for construction of the desalination unit.

The Government of Cyprus plans for the desalination to be completed and be fully operational by Spring of 2004.

The unit will have a production power of 20,000 cubic meters of desalinated water daily. It will also have the capability of expanding to 40,000 cubic meters and serving the needs of the greater area of the city of Limassol.

U.S. companies interested in obtaining more information may contact:

Mrs. Ephie-Yvonne Charalambidou, Commercial Section - American Embassy

Nicosia, P.O. Box 24536

1385 Nicosia

Tel: +357-22-776400;

Fax: +357-22-781663

E-mail: [charalambidouey@state.gov](mailto:charalambidouey@state.gov)

### Governor's Exporter of the Year

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Sponsor: *High Technology Development Corporation*, Mr. Ken Tomi, Manoa Innovation Center Program Manager

*Kamakura Corporation* is one of the leading providers of risk management software, information processing services and consulting. Founded in Japan in 1990, the company relocated its corporate headquarters to Hawaii in 1997. Their market strategy and approach has given them global exposure that has resulted in 97% of revenues coming from outside of the U.S. and clientele that includes some of the top financial institutions in the world.

### Exporter Of Fresh Commodities

*Hawaii Tropical Fruit Cooperative, Inc.*

Mr. Bob Hamilton, President

Sponsor: *Hawaii Tropical Fruit Growers Association*, Ms. Tanya Hopeau, Executive Director

### Exporter Of Professional Services

*Aquatic Farms, Ltd.*

Mr. Andrew Kuljis, President

Sponsor: *First Hawaiian Bank*, Ms. May Nishijima, Business Banking Officer

### New Exporter

*Big Island Abalone Corporation*

Mr. Michael Buchal, President

Sponsor: *First Hawaiian Bank*, Ms. Victoria M. Hasty, Assistant Vice President & Business Banking Officer

### Outstanding Contributor To Exporting

*Hawaii Agriculture Research Center (HARC)*

Ms. Stephanie Whalen, President

Sponsor: *Bank Of Hawaii*, Ms. Jema Geronimo, Business Banking Officer

### Outstanding Contributor To Exporting

*Hong Kong Business Association Of Hawaii (HKBAH)*

Mr. Dick Isoo Oshima, President

Mr. Arthur Li, Chairman

Sponsor: *American Savings Bank*, Mr. Gabriel Lee, Senior Vice President

Co-sponsoring the *Governor's Exporter of the Year* program with DBEDT is the State Department of Agriculture. Participating in support is the U.S. Small Business Administration, the U.S. Department of Commerce, the Agricultural Leadership Foundation of Hawaii and *Pacific Business News*.

For more information about the *Governor's Exporter of the Year* program or exporting and overseas marketing opportunities, contact DBEDT/ Business Development and Marketing Division Tel: (808) 587-2584; Fax: (808) 587-2787; E-mail to [info@dbedt.hawaii.gov](mailto:info@dbedt.hawaii.gov).



## Japan News

### In the News

Source: U.S. Department of Agriculture – Agriculture Trade Office Tokyo. Recent reports from various Japanese mass media and food press are below:

- Seven-Eleven Japan, which achieved top sales among the convenience stores in 2001, continues to widen the gap between itself and other convenience store chains in terms of the number of stores. With plans to open 900 stores in 2002, Seven-Eleven locations in Japan will soon total 10,000 stores in all. (7/25/02 issue of *The Nikkei Marketing Journal*)
- After McDonald's Japan reduced the price of a regular hamburger from 80 yen to a record-low 59 yen on August 5, other fast food chains followed by cutting their prices. For example, Zensho, an operator of the "Sukiya" *gyudon* grilled beef bowl restaurants, reduced the meal sets from 400 yen to 380 yen. Family Mart convenience stores and Lotteria hamburger fast food chains also start to offer hamburger and cola sets at a reduced price. (8/5/02 issue of *The Japan Economic Newspaper*).
- More and more supermarket operators are pulling Nippon Meat from shelves after the food labeling scandal. On August 10, Ito-Yokado and Seiyu removed about 100 items of Nippon Meat from their stores. AEON, Tokyuu Store, and Life Corporation also followed. (8/11/02 issue of *The Japan Economic Newspaper*)
- British sandwich shop chain Pret a Manger ('Ready to Eat' in French) opened a Japan branch office in June, and plans to open its first shop in Tokyo this fall. Pret a Manger has seen success in the U.K., selling varieties of preservative-free, 'non-GM' sandwiches which are made daily.



### Japan's Wood Furniture Imports Grow 15.7% in 2001

Source: U.S. Department of Agriculture. Japan's wood furniture imports grew 15.7% in 2001 over the previous year, totaling 1,905 billion yen (approx. US\$1.5 billion).

Leading the way were exports from China, which grew 46.3% in 2001 over the previous year. In addition to China, other ASEAN countries were key Japanese suppliers.

Reflecting a demand for affordable furniture, non-wood furniture imports also grew in 2001. Overall furniture imports, including steel and wood furniture as well as related accessories parts, also grew 12.8% from the preceding year.

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### Japan Steps Up Enforcement of Pesticide Residues

Source: U.S. Department of Agriculture. Concerns about chemical residues, especially on produce from China, have led to increased testing by not only the Ministry of Health Labor & Welfare (MHLW) and the Ministry of Agriculture, Forestry, and Fisheries (MAFF), but also the prefectural governments, agricultural cooperatives & consumer groups.

Sampling is taking place not only at the border, but also in supermarkets and restaurants throughout the country.

U.S. produce exporters are advised to take special care to assure that shipments to Japan do not exceed Japan's residue tolerance limits. More details on the limits can be found on the Internet at: <http://www.jetro.go.jp/>. Look under "Business Information" - Standards and Regulations.

### Japan Marketing Guidebook for Major Imported Products - Updated

Source: Japan External Trade Organization (JETRO). For new-to-market businesses and individuals, JETRO has recently published an updated report that provides import and market information for a wide variety of product categories.

The updated set of product categories that may be of interest to Hawaii companies are as follows:

- Coffee
- Mineral water
- Fishing tackle
- Musical instruments
- Apparel
- Natural Medicines

Other updated product categories will be announced in future issues.

### U.S. Captures 64% Share in 2nd Simultaneous Buy and Sell Rice Tender

Source: U.S. Department of Agriculture. On August 30, the Food Agency of the Ministry of Agriculture, Forestry and Fisheries conducted its second Simultaneous Buy and Sell (SBS) rice tender for Japan Fiscal Year 2002 (April 2002-March 2003).

A total of 10,596 metric tons of foreign rice was contracted with the U.S. accounting for 6,807 metric tons, or 64% of the total.

Contracts for Chinese rice slumped at 3,060 metric tons for a 29% market share. According to trade sources, demand for Chinese agricultural products has dropped severely in recent months as a result of numerous incidences of agricultural chemical residues on some products that were above the legal tolerance levels. While no violations have occurred with rice, the concern over Chinese products has extended to rice and other agricultural products.

As a result of the decline in the volume of Chinese rice, over two thirds of the total allocation for this tender (30,000 MT) was not filled. In addition, demand remains down as importers/wholesalers still hold large inventories of SBS rice, particularly Chinese rice due to a separate lead bag issue earlier this year.

### Hokkaido Onion Production Down 5%

Source: U.S. Department of Agriculture. Hokkaido, the northernmost island in Japan, produces over 60% of Japan's onions.

The agricultural producer's cooperative in Hokkaido reported that this year's Hokkaido onion crop production is estimated at 655,700 metric tons, down 5% from last year. This year's crop is expected to be fair, with the majority large-sized onions.

According to the Hokkaido onion traders, cheap imports from China have increased competition in Japan's onion market. They have expressed concern about the destabilizing impact of cheap imports like those from China. Onions from China are often traded at 45-60 yen (approx. US \$0.38-US\$0.50) per kilogram in the Japanese wholesale market, while Hokkaido onions are traded at approximately 79-80 yen (US\$0.59-US\$0.67) per kilogram.

In comparison, U.S. onion prices are similar to Hokkaido prices.

## China – Macadamia Nut Update

**Source:** U.S. Department of Agriculture. In China, macadamia nuts are often called Hawaii nuts. Chinese processing companies and traders report that China's macadamia nut production is developing in Guangdong, Guangxi, and Yunnan provinces. Domestic quality is not very good and production scale is still very small.

Many Chinese consumers are not aware of macadamia nuts. However, processing companies believe that consumers will enjoy the nut because it is something that is new to the market. Traders believe the macadamia nut has the potential for increased sales in larger cities where consumption of other tree nuts is common.

August 2002 domestic in-shell macadamia nut wholesale prices were just under US\$3.00 per kilogram in Guangdong. Imported in-shell macadamia nuts wholesale prices were around US\$3.75 per kilogram. In Shandong, imported wholesale prices for in-shell macadamia nuts were US\$7.75.

## Indonesia—Pricing for Fishery Products

**Source:** U.S. & Foreign Commercial Service. The price of fish on the domestic market is determined by The Maritime and Fishery Ministry based on the average price of each fish, in the fish terminal in Jakarta, West Java, Central Java, East Java, Lampung, North Sumatra, South Sulawesi, Bali and Nusa Tenggara.

The price of fish to be traded on the international market are determined by the maritime and the Fishery Ministry based on the average FOB prices for each type of fish for export.

The percentage of sales volume for fish products in the domestic market and for exports are determined by *The Maritime and Fishery Ministry* based on the volume of fish product sold on the domestic market and exported.

## Hawaii Air Cargo Symposium

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Registrations should be postmarked by October 23, or faxed by October 25. Hawaii State and Federal government purchase orders will be accepted and should accompany the registration form.

Hosted by the Air Cargo Association of Hawaii and the State of Hawaii - Department of Transportation, Airports Division; Department of Agriculture; and DBEDT.

For more information please contact:

UH Conference Center, Tel: (808) 956-8204  
Fax. No. (808) 956-3364

## PTC Annual Conference

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The workshop will cover topics such as:

- Investment, Consolidation and Restructuring in Asia's Telecommunications Markets
- Satellite Networks in Asia
- The Domestic Restructuring of the People's Republic of China Telecommunications Sector and WTO Entry Strategies
- Japan-An Accelerating Liberalization Process
- India - Will It Finally Become a Major Regional Telecommunications Market?

The workshop will be led by Phillip L. Spector, managing partner of the Washington, D.C., office of the law firm of *Paul, Weiss, Rifkind, Wharton & Garrison*. Phillip Spector, considered by many to be the leading satellite specialist in Washington, has chaired conferences on the U.S. Telecom Act, satellite issues, telecom project finance, and the Internet, and has spoken at numerous international conferences. He has also appeared as a commentator on the C-SPAN television network, National Public Radio and Bloomberg Business News.

The following partners at the communications and technology group of *Paul, Weiss, Rifkind, Wharton & Garrison* are also presenting at the workshop:

Jeanette K. Chan, the head of the Asia Communications and Technology Group.

Michael Reede, a Hong Kong registered Foreign Lawyer.

Lisa Christoffers Yano, who has practiced at the firm's Tokyo office for more than ten years.

The Honolulu-based *Pacific Telecommunications Council* is an international, non-profit organization that promotes the development of telecommunications and related industries in the Pacific, with an emphasis on developing countries. Its membership of over 600 organizations and individuals includes providers and users of communications services, policy-makers, lawyers, engineers and academics. Visit [www.ptc.org](http://www.ptc.org) for information on PTC membership & events.

You can find more information on PTC2003, including the conference program, on the Internet at [www.ptc.org/PTC2003](http://www.ptc.org/PTC2003).

## Korea Service Franchises

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mand for leisure and sports equipment, and interest in camping car rentals, bed and breakfast inns, fitness centers, golf and fishing activities, along with massage facilities, is also gaining popularity.

Cleaning and Sanitizing – the Korean cleaning industry, including corporate services, building cleaning, home maid services and extermination services, is re-

ceiving much consumer interest.

Pet Care and Supply Shops— these stores provide general pet care services, including pet grooming and the selling of pet-related products. With an increasing number of people going on trips, pet care shops offering pet babysitting are becoming quite popular.

Although U.S. franchises are sought after in Korea, potential Korean franchisees are often reluctant to pay the relatively high franchising fees and royalties often required by U.S. headquarters. Other common franchising requirements such as minimum facility size and required number of stores within a certain period are often challenging for Korean franchisers to meet. Therefore, U.S. franchises should consider flexible franchising arrangements when entering the Korean markets, and conduct a thorough research on the market and location, as well as the potential master franchisee's ability to manage stores.



## Report Request Form

### Trade Invest Monthly

### Hawaii's International Business Network

Company: \_\_\_\_\_

Contact person: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

Zipcode: \_\_\_\_\_

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Email: \_\_\_\_\_

Report(s) requested:

☐ Korea—Service Franchising Market

☐ Taiwan Snack Food

☐ Desalination Project in Cyprus

☐ Japan Guidebook Report Updates

☐ Coffee ☐ Mineral Water

☐ Fishing Tackle ☐ Apparel

☐ Musical Instruments

☐ Natural Medicines

☐ China Macadamia Nut Update

☐ Indonesia—Pricing for Fishery Prod.

**OTHER REPORTS (reference issue date):**

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Please fax this completed form to (808) 587-3388,  
or Email your request to:  
[tradeinvest@dbedt.hawaii.gov](mailto:tradeinvest@dbedt.hawaii.gov)